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FINANCIAL STATEMENTS

December 31, 1997

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date ~~Jan 24, 1998~~

TOWN OF PLAIN DEALING, LOUISIANA

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AUDITORS' REPORT -
OPINION OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

The Honorable Loren Sanders, Mayor,
and the Members of the Board of Aldermen of
The Town of Plain Dealing, Louisiana

We have audited the accompanying general purpose financial statements of the Town of Plain Dealing, Louisiana, as of and for the year ended December 31, 1997, as listed in the table of contents. These general purpose financial statements and schedules are the responsibility of the Town of Plain Dealing, Louisiana's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Plain Dealing, Louisiana, as of December 31, 1997, and the results of its operations and the cash flows of its proprietary fund types and similar trust funds for the year then ended, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated April 9, 1998, on our consideration of the Town of Plain Dealing, Louisiana's internal control structure and a report dated April 9, 1998, on its compliance with laws and regulations.


Scott P. Robinson
Certified Public Accountant

April 9, 1998

GENERAL PURPOSE FINANCIAL STATEMENTS

The General Purpose Financial Statements include the combined financial statements which include all funds and account groups of the Town and are designed to provide an overview of the financial position and results of operations for the Town as a whole. Additional information in the form of combining and individual fund and account group statements and schedules are included elsewhere in this report.

TOWNS OF PLAINS BEALING, LOUISIANA

Combined Balance Sheet - All Fund Types and Account Groups
 December 31, 2011

	Governmental Fund Types			Proprietary Fund Types	Fiduciary Fund Types	All Other Funds		Total	Governmental Debt
	Special Districts	Other	Capital Projects			General Fund	Long-Term Debt		
Assets									
Current assets	10,410	-	71,006	-	-	-	-	81,416	81,416
Investments	-	-	-	19,499	-	-	-	19,499	19,499
Capital assets	-	-	-	-	-	1,547,375	-	1,547,375	1,547,375
Other assets	-	-	-	18,940	-	-	-	18,940	18,940
Liabilities									
Accounts payable	10,410	-	71,006	-	-	-	-	81,416	81,416
Accrued liabilities	-	-	-	-	-	-	-	-	-
Long-term debt	-	-	-	-	-	1,547,375	-	1,547,375	1,547,375
Other liabilities	-	-	-	-	-	-	-	-	-
Net Assets									
Governmental	10,410	-	71,006	-	-	-	-	81,416	81,416
Proprietary	-	-	-	19,499	-	-	-	19,499	19,499
Fiduciary	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	1,547,375	-	1,547,375	1,547,375
Total	10,410	-	71,006	19,499	-	1,547,375	-	1,647,290	1,647,290

TOWN OF PLAIN DEALING, LOUISIANA

Combined Statement of Revenues, Expenditures and
Change in Fund Balances - All Governmental Fund Types
Year Ended December 31, 2007

	Governmental Fund Types				Totals	
					(Millions of Dollars)	
	Gen. of	Special	Debt	Capital	2007	2006
Revenues:						
Taxes	\$ 28,562	\$ 93,273	\$ -	\$ 93,274	\$ 225,109	\$ 201,607
Licenses and permits	60,000	-	-	-	60,000	51,043
Intergovernmental	6,114	178,744	-	-	394,908	63,754
Interest	4,000	-	400	15,000	24,604	30,573
Charges for services	47,783	-	-	-	47,783	43,540
Fees and forfeits	4,536	-	-	-	4,536	7,791
Miscellaneous	27,440	-	-	-	27,440	17,600
Total Revenues	189,835	276,017	400	118,274	583,150	445,912
Expenditures:						
General government	74,778	-	-	1,701	73,477	79,835
Public safety	127,879	-	-	-	127,879	124,858
Street department	61,308	178,744	-	14,635	294,717	96,469
Capital outlay	3,000	-	-	3,850	6,850	1,194
Miscellaneous	-	-	-	-	-	18
Debt service:						
Interest	-	-	1,418	-	1,418	1,288
Principal retirement	-	-	15,000	-	15,000	17,000
Total Expenditures	266,965	178,744	16,418	20,186	481,433	319,683
Excess (deficiency) of revenues over expenditures	<u>(76,334)</u>	<u>97,273</u>	<u>(16,018)</u>	<u>98,078</u>	<u>101,717</u>	<u>126,229</u>
Other financing sources:						
Operating transfers in	48,000	-	-	-	48,000	52,467
Operating transfers out	-	(48,000)	-	-	(48,000)	(62,467)
Net other financing sources (uses)	<u>48,000</u>	<u>(48,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	<u>(28,334)</u>	<u>49,273</u>	<u>(16,018)</u>	<u>98,078</u>	<u>101,717</u>	<u>126,229</u>
Fund balance at beginning of year	168,662	12,979	93,172	433,364	809,677	653,306
Prior period adjustment	1,237	-	-	-	1,237	-
Fund balance at end of	\$ 141,565	\$ 76,152	\$ 77,154	\$ 531,442	\$ 912,631	\$ 779,535

TOWN OF PLAIN DEALING, LOUISIANA

Confined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Actual) and Actual - General and Special Revenue Fund Types
Year Ended December 31, 1997

	General Fund			Special Revenue Fund Total		
	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)
Revenues:						
Taxes	\$ 22,500	\$ 28,595	\$ 6,095	\$ 94,000	\$ 91,475	\$ (2,525)
License and permits	48,945	48,054	(891)	-	-	-
Intergovernmental	21,500	14,142	(7,358)	-	178,744	178,744
Interest	-	4,386	4,386	-	-	-
Charges for services	-	47,200	47,200	-	-	-
Fees and fines	1,500	4,258	2,758	-	-	-
Miscellaneous	20,720	21,442	722	-	-	-
Total Revenues	119,665	175,077	55,412	94,000	270,219	176,219
Expenditures:						
General government	64,504	71,706	(7,202)	-	-	-
Public safety	10,026	17,470	(7,444)	-	-	-
Street & sanitation department	15,770	41,408	(25,638)	-	178,744	(78,944)
Capital outlay	-	5,800	5,800	-	-	-
Total Expenditures	89,300	136,384	(47,084)	-	178,744	(178,944)
Transfers (activity) of revenues over	(65,800)	(75,214)	(9,414)	94,000	92,475	1,525
Other financing sources (uses):						
Operating transfers in	90,000	-	90,000	-	-	-
Operating transfers out	-	-	-	-	(10,800)	(10,800)
Net other financing sources (uses)	90,000	-	90,000	-	(10,800)	(10,800)
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	90,000	48,000	42,000	94,000	189,000	95,000
Plus balance at beginning of year	-	(78,154)	(78,154)	94,000	91,475	(86,679)
Plus period adjustment	-	1,250	1,250	-	-	-
Fund balance at end of year	189,000	189,000	189,000	189,000	189,000	189,000

TOWN OF PLAIN DEALING, LOUISIANA

Combined Statement of Revenues, Expenses and
Change in Retained Earnings/Fund Balance of Proprietary Fund Types
and Special Trust and Agency Funds
For the Year Ended December 31, 1997

	Proprietary Fund		Total (Minus: Column Debt)	
	Type -	Proprietary	1997	1996
	Subordinate	Fund Type - Total		
Operating Revenues:				
Charges for service	\$ 211,377	\$ 6,270	\$ 217,647	\$ 226,215
Invoice	-	5,286	5,286	4,637
Miscellaneous	4,288	629	4,917	4,746
Total Operating Revenues	215,665	12,185	227,850	235,608
Operating Expenses:				
Professional services	71,253	-	71,253	76,218
Contractual services	6,966	-	6,966	5,800
Labor	-	3,380	3,380	4,847
Supplies and materials	24,405	1,682	26,087	28,233
Heat, light and power	26,155	-	26,155	25,000
Depreciation	44,642	-	44,642	43,549
Miscellaneous	43,025	-	43,025	62,300
Total Operating Expenses	219,086	4,752	223,838	235,507
Operating Income	(3,421)	7,433	4,012	(1,899)
Non-operating revenues (expenses):				
Interest income	3,219	-	3,219	3,548
Interest expense	(11,433)	-	(11,433)	(8,604)
Transfers in	-	-	-	21,088
Transfers out	-	-	-	(21,088)
Net non-operating revenues (expenses)	(8,214)	-	(8,214)	(12,636)
Net income	(11,597)	7,433	(4,164)	(21,535)
Retained earnings/fund balance, beginning	191,314	105,407	296,721	308,176
Prior period adjustment	8,622	-	8,622	-
Retained earnings/fund balance, ending	\$ 189,339	\$ 112,840	\$ 302,179	\$ 286,641

TOWN OF PLAIN DEALING, LOUISIANA

**Condensed Statement of Cash Flows -
Proprietary Fund Types and Similar Trust Funds
For the Year Ended December 31, 1997**

	Proprietary Fund Type - Enterprise	Proprietary Fund Type - Consumer	Totals (Incomparable Data)	
			1997	1996
Cash flows from operating activities:				
Net income (loss)	\$ (3,528)	\$ 2,017	\$ (1,511)	\$ (15,844)
Adjustments to reconcile net income to cash provided by operating activities:				
Depreciation	6,882	-	6,882	41,549
Price period adjustment	5,628	-	5,628	-
Change in assets and liabilities:				
Decrease (increase) in accounts receivable	(5,767)	-	(5,767)	431
Decrease (increase) in due from other funds	(55,912)	-	(55,912)	(28,655)
Increase (decrease) in accounts payable	18,338	-	18,338	1,984
Increase (decrease) in due to other funds	35,714	-	35,714	38,338
Increase (decrease) in other liabilities	577	-	577	11
Total adjustments	20,522	-	20,522	43,248
Net cash provided by operating activities	25,528	2,017	27,545	28,337
Cash flows from investing activities:				
Purchase of fixed assets	(11,297)	-	(11,297)	(68,815)
Purchase of investments	(4,500)	-	(4,500)	(28,815)
Interest on investments	3,122	5,028	8,150	8,408
Net cash used in investing activities	(12,675)	5,028	(7,647)	(89,222)
Cash flows from financing activities:				
Decrease (increase) in restricted assets	(1,005)	-	(1,005)	49,443
Decrease in restricted liabilities	1,421	-	1,421	(7,764)
Principal payments of long-term debt	(5,121)	-	(5,121)	(7,012)
Net cash provided by financing activities	(4,705)	-	(4,705)	34,667
Cash flows from nonoperating financing activities: interest expense	(11,433)	-	(11,433)	(11,338)
Net cash provided by nonoperating financing activities	(11,433)	-	(11,433)	(11,668)
Net increase (decrease) in cash and cash equivalents	(4,111)	7,045	2,934	(46,082)
Cash and cash equivalents at beginning of year	120,616	101,651	222,267	268,349
Cash and cash equivalents at end of year	\$ 116,505	\$ 108,696	\$ 225,201	\$ 222,267

TOWN OF PLAIN DEALING, LOUISIANA

Notes to Financial Statements
December 31, 1991

I. Summary of Significant Accounting Policies

The Town of Plain Dealing, Louisiana was incorporated in 1898, under the provisions of LA R.S. 18:211-40. The Town operates under a Mayor-Board of Aldermen form of government.

The accounting and reporting policies of the Town of Plain Dealing, Louisiana conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting principles are similar to the rules generally of Louisiana Revised Statutes 24:507 and to the policies set forth in the Louisiana Municipal Code and Accounting Guide, and to the industry audit guide, Quality of Data and Local Governmental Units.

A. Financial Reporting Entity

This report includes all funds and account groups which are controlled by or dependent on the Town, corporate and legislative branches (the Mayor and Board of Aldermen). Control by or dependence on the Town was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

B. Fund Accounting

The accounting system is organized and operated on a fund basis whereby a separate self-balancing set of accounts is maintained for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. These include general, special revenue, enterprise, trust and agency, debt service and capital projects funds and long-term debt and general fixed assets groups of accounts.

GOVERNMENTAL FUNDS

General Fund - The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specific purposes.

Debt Service Funds - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, principal long-term debt principal, interest, and related costs.

The general obligation sewer bonds are accounted as to payment by all within taxes assessed on all property and improvements in the Town of Plain Dealing.

Capital Projects Funds - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds, Special Assessment Funds, and Trust Funds).

PROPRIETARY FUNDS

The Proprietary Fund is used to account for the Town's ongoing organizations and activities which are similar in form when found in the private sector. The Proprietary Fund is account for on a capital maintenance measurement basis, that is the measurement flow is upon determination of net income.

Enterprise Funds - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis are financed by or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

TOWN OF PLAIN DEALING, LOUISIANA

Notes to Financial Statements
December 31, 1997

3. Summary of Significant Accounting Policies (Continued):

FIDUCIARY FUNDS

Trust and Agency Funds - Trust and Agency Funds are used to account for assets held by the Town in a fiduciary capacity or in its agent for individuals, private organizations, other governments, and/or other funds.

These include Expendable Trust, Nonexpendable Trust, Pension Trust, and Agency Funds. Nonexpendable Trusts and Pension Trust Funds are accounted for in essentially the same manner as proprietary funds since capital maintenance is critical. Expendable Trust Funds are accounted for in precisely the same manner as governmental funds.

Agency Funds are recorded in nature (assets equal liabilities) and do not involve measurement of results of operations.

ACCOUNT GROUPS

Account groups are used to establish accounting control and accountability for the Town's general fund assets and various long-term obligations. The following are the Town's account groups:

General Fund Assets Account Group - This account group is established to account for all fund assets of the Town (including those accounted for in the enterprise funds).

General Long-Term Obligations Account Group - This account group is established to account for long-term obligations of the Town.

C. Fixed Assets and Long-Term Liabilities

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds and Expendable Trust Funds are accounted for on a spending of "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Fixed assets used in governmental fund type operations (General Fund assets) are accounted for in the General Fund Assets Account Group, either lines in governmental funds.

All fixed assets are valued at historical cost or estimated fair market value for assets acquired before 1997 and inflation fund. Depreciated fixed assets are valued at their estimated fair market value on the date donated.

Assets in the General Fund Assets Account Group are not depreciated, nor is interest capitalized. Depreciation is computed on the straight-line method for the fixed assets of the Proprietary Funds and the estimated useful lives of the assets. Their portion of depreciation expense applicable to assets acquired with grants, reimbursements, and shared revenues is reflected as a reduction of the respective contribution amount.

All Proprietary and Nonexpendable Trust Funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with operations of these funds are included on the balance sheet. Their fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

The two account groups are not "funds". They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

TOWN OF PLAIN DEALING, LOUISIANA

Notes to Financial Statements
December 31, 1977

I. Summary of Significant Accounting Policies (Continued)

C. Fixed Assets and Long-Term Liabilities (Continued)

Noncurrent portions of long-term receivables due to governmental funds are reported on their balance sheets, in spite of their varying measurement bases. Special reporting treatments are used to indicate, however, that they should not be considered "available (spendable) resources", since they do not represent net current assets. No portion of governmental fund type revenues represented by noncurrent receivables is deferred until they become current receivables.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to accrual amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term accounts are not recognized as governmental fund type responsibilities or fund liabilities. They are instead reported as liabilities in the General Long-Term Account Group.

Fixed Assets - All items of property, plant and equipment which do not constitute assets of the entire governmental entity are recorded in the general fund type group of accounts. Such assets are maintained on their basis of original cost (plus paid plus trade-in allowance, if applicable) except that assets acquired before 1959 and still on hand are recorded at their fair market value at the end on July 1, 1977 and no depreciation is computed or recorded thereon.

Property, plant and equipment which constitute assets of the enterprise fund are recorded at cost, except for those assets acquired before July 1, 1977 and still on hand are recorded at their fair market value at July 1, 1978. Depreciation computed on those assets is under the straight-line method of depreciation based on the estimated useful lives of the individual assets.

Public works ("infrastructure") general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems, are not equated along with other general fixed assets.

D. Basis of Accounting

Basis of accounting refers to where revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting refers to the timing of the measurement made, regardless of the measurement focus applied.

All Governmental funds are presented for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Expenses are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for principal and interest on general long-term debt which is recognized when due.

In applying the measurable to accrual concept to intergovernmental revenues, the legal and contract obligations of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Town; therefore, revenues are recognized based upon the expenditures recorded.

Licenses and permits, charges for general governmental services, fees and penalties, and miscellaneous other revenues (except investment earnings) are recorded as revenues when received in cash because they are generally not measurable until actually received. Aid (block) grants are recorded as revenue at year end if they are collected within 90 days of year end. Other fees, charges or services, and investment earnings are recorded as earned since they are measurable and available.

All proprietary funds are accounted for using the accrual basis of accounting whereby revenues are recognized when they are earned and expenses are recognized when incurred.

Purchases of various operating supplies are regarded as expenditures at the time purchased, and inventories of such supplies (if any) are not recorded as assets at the close of the fiscal year.

TOWN OF PLAIN DEALING, LOUISIANA

Notes to Financial Statements
December 31, 1997

I. Summary of Significant Accounting Policies (Continued):

D. Basis of Accounting (Continued)

The preparation of financial statements generally requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

E. Budgets and Budgetary Accounting

The Town follows these procedures in establishing the budgetary data reflected in these financial statements:

1. The Mayor prepares a proposed budget and submits same to the Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or providing increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted by the Board of Aldermen.

F. Investments

Investments are stated at cost. Discounts and premiums on the purchase of investments are amortized over the life of the investment remaining from the date of purchase to the date of maturity.

G. Bad Debts

Uncollectible amounts due from customers' water and sewerage accounts are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. There were no allowances for bad debts at December 31, 1997 or 1996.

H. Inventory

Inventory consists of office maintenance and repair parts and are not accounted for separately. The effect on the financial statements is not material.

I. Restricted Assets

The Debt Service and Enterprise Funds, because of certain bond covenants, are required to establish and maintain restricted accounts of revenues (consisting of cash and temporary investments) that can be used only to service maturing debt. The Enterprise Funds also receive customer and vendor deposits. Also, the General Fund restricts the use of the Medical Clinic Funds and the Cemetery Fund restricts the use of its operating account and certificate of deposit.

TOWN OF PLAIN DEALING, LOUISIANA

Notes to Financial Statements
December 31, 1997

1. Summary of Significant Accounting Policies (Continued):

F. Compensated Absence

No liability is recorded for accruing accumulating rights to receive vacation or sick pay benefits.

G. Comparative Data

Comparative net data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Town's financial position and operations. However, comparative (i.e., presentation of prior year) results by fund type data have not been presented in each of the statements since their inclusion would make the statements overly complex and difficult to read.

H. Total Columns on Combined Statements - Overview

Total columns on the Combined Statements - Overview are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Material is such data comparable to a conclusion. Interfund adjustments have not been made in the aggregation of this data.

I. Reserves

Use of the term "reserve" in describing governmental fund "Fund Balances" and proprietary fund "Retained Earnings" indicates that a portion of the fund/balance or retained earnings is not appropriate for expenditure of a highly specified or a specific future use. The nature and purposes of these reserves are explained as follows:

1. Debt Service

This category represents the portion of fund balance or retained earnings that has been reserved in the Debt Service Fund for future payment of principal and interest on bonded debt and revenue bonds.

2. Interfund Transactions

There are several types of transactions that are reported in the financial statements as interfund items. Interfund transactions which constitute reimbursements of the fund for expenditures or expenses actually made from that fund which are properly applicable to another fund are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditures or expenses in the fund that is being reimbursed. Reimbursement or non-revenue transfers of equity between funds are treated as residual equity transfers and reported as additions to or deductions from fund balance. All other transfers are treated as operating transfers and are included in the results of operations of both governmental and proprietary funds. References should be made to note 7 regarding interfund transactions.

F. Statements of Cash Flows

For purposes of the statement of cash flows, the Town considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

G. Retainable Deposits

The Water Fund of the Town requires customers to place a deposit before service is rendered. These monies are considered restricted and are held until the customer discontinues service.

2. Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in September or October and are actually billed to the taxpayers in November of the same year. Billed taxes become delinquent on January 1 of the following year. Kerosene taxes and vehicle taxes are included in the year billed.

TOWN OF PLAIN DEALING, LOUISIANA

Notes to Financial Statements
December 31, 1997

3. Ad Valorem Taxes (Continued)

The Town bills and collects its own property taxes using the assessed values determined by the tax assessor of Bossier Parish.

For the year ended December 31, 1997, rates of 0.03 mills were levied on property with assessed valuations totaling 10,039,470 and were allocated as follows:

General corporate purposes 0.02 mills

Total taxes levied were \$26,582. Taxes receivable at December 31, 1997, consisted of the following:

Taxes receivable current roll	\$ 8,584
Taxes receivable prior roll	<u>8,584</u>
	17,168
Less: allowance for uncollectible taxes	<u>1,000</u>
	<u>\$ 16,168</u>

3. Restricted Assets

Restricted assets were applicable to the following at December 31:

	<u>1997</u>	<u>1996</u>
Governmental Fund Type:		
Restricted cash - clinic account	\$ 2,815	\$ 1,008
Restricted certificate of deposit	<u>10,800</u>	<u>10,000</u>
	<u>13,615</u>	<u>11,008</u>
Proprietary Fund Type:		
Customer deposit account	4,831	3,440
Customer deposits - certificate of deposit	32,590	30,000
Water Revenue Bond account	5,822	6,777
Water Revenue Bond Reserve - certificate of deposit	19,863	18,015
Water Replacement & Extension account	<u>10,581</u>	<u>13,332</u>
	<u>\$ 73,687</u>	<u>\$ 71,564</u>

4. General Fixed Assets and Property, Plant and Equipment

	Balance January 1, 1997	Additions	Deletions	Balance December 31, 1997
Buildings	\$ 361,341	\$ 30,000	-	\$ 391,341
Machinery & equipment	42,325	-	-	42,325
Dam & reservoirs	294,980	-	-	294,980
Cemetery	7,800	-	-	7,800
Fire department	141,534	-	-	141,534
Gravel fund	294,415	8,295	1,280	301,430
Industrial Park	441,271	-	-	441,271
Street improvements	<u>215,877</u>	<u>14,624</u>	<u>-</u>	<u>230,501</u>
	<u>\$ 1,899,243</u>	<u>\$ 53,919</u>	<u>\$ 1,280</u>	<u>\$ 1,951,882</u>

TOWN OF PLAIN DEALING, LOUISIANA

Notes to Financial Statements
December 31, 1997

4. General Fixed Assets and Property, Plant and Equipment (Continued)

A summary of Proprietary land type property, plant and equipment at December 31, 1997:

Water Utility:	
Wells	\$ 114,324
Storage tanks	88,218
Lines and meters	583,248
Other equipment	34,008
Right-of-way	1,008
Bollinger Water System	21,681
Sewer Utility:	
Land	21,080
Lines	44,580
Treatment plant	497,697
Sewer Project 414	657,711
Other	<u>83,821</u>
Total	2,067,871
Less accumulated depreciation	<u>(375,178)</u>
Net	<u>\$ 1,692,693</u>

Depreciation is computed using the straight-line method.

Depreciation of all substantial fixed assets used by proprietary funds is charged to an expense against their operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Water Utility:	
Wells	20-25 years
Storage tanks	25-50 years
Lines and meters	20-50 years
Other equipment	5-20 years
Right-of-ways	-
Sewerage Utility:	
Water Disposal Plant	50 years
Lines	50 years
Other equipment	5-15 years

Since July 1, 1995, the Town has kept records with a history of fixed asset cost. All assets acquired since that time are recorded at original cost. Assets acquired before July 1, 1995, are recorded at their fair market value as of July 1, 1995.

TOWN OF PLAIN DEALING, LOUISIANA

Notes to Financial Statements
December 31, 1997

4. General Fixed Assets and Property, Plant and Equipment (Continued)

During the year ended June 30, 1998, the Town began keeping separate accounting records for the water department and the sewer department. The financial statements for each department have been combined.

5. Other Required Individual Fund Disclosures

A. Interfund Receivables and Payables

	Interfund Receivables	Interfund Payables
General fund	\$ 28,608	\$ 34,947
Sales tax fund	1,008	-
Industrial development fund	-	1,806
Water department	34,943	-
Sewer department	27,674	27,674
Tax Clearing Account	-	28,887
General Obligation Sewer Bonds	128	-
	\$ 92,361	\$ 92,314

B. Operating Transfers

	Over to Fund	Transfers Out
General fund	\$ 60,000	-
Sales tax department	-	60,000
	\$ 60,000	\$ 60,000

6. Changes in Long-Term Debt

The following is a summary of bond transactions for the year ended December 31, 1997:

	General Obligation	Water Revenue	Total
Bonds outstanding January 1, 1997	\$ 50,000	\$ 208,456	\$ 258,456
Bonds retired	(15,000)	(6,150)	(21,150)
Bonds outstanding December 31, 1997	\$ 35,000	\$ 202,306	\$ 237,306

TOWN OF PLAIN DEALING, LOUISIANA

Notes to Financial Statements
December 31, 1997

6. Changes in Long-Term Debt (Continued):

Bonds outstanding at December 31, 1997, are comprised of the following individual issues:

General Obligation Sewer Bonds dated December 31, 1978, \$155,000, 7%, serial bonds due by annual installments of \$5,000 through 1984-\$15,000 through 1990, and \$15,000 through 1998 - to be retired from net waterbill taxes.

\$ 15,000

Water Revenue Bonds dated August 31, 1979, \$200,000, at 5%, due in annual installments of \$17,500, including interest, through 2018, and a final installment of 15,750 in 2028 - to be retired from the income and revenue of the water system.

\$ 202,500

The annual requirements to amortize all debt outstanding as of December 31, 1997 including interest payments of \$137,604 are as follows:

Year Ended December 31,	General Obligation	Water Revenue	Total
1998	\$ 25,658	\$ 17,507	\$ 43,165
1998-2000	-	88,833	88,833
2001-2002	-	88,833	88,833
2003-2013	-	88,833	88,833
2014-2028	-	88,833	88,833
2029	-	3,751	3,751
	<u>\$ 25,658</u>	<u>\$ 379,226</u>	<u>\$ 404,884</u>

Funds in the Debt Service Fund at December 31, 1997, amounted to \$27,354 which are available to service the General Obligation Bonds.

Under the terms of the bond indenture on outstanding Water Utility Bonds dated August 31, 1979, all income and revenues of every nature, earned or derived from obligations of the Utility system are pledged and dedicated to the retirement of said bonds, and are to be withheld monthly into the following special funds:

- A. A sum equal to 11.2% of the total amount of principal and interest falling due in the ensuing year is to be deposited into an account entitled "Water and Sewerage Bond Fund" and credited to the Farmers Home Administration as an annual loan.
- B. A sum at least equal to five percent (5%) of the amount to be paid into an account entitled "Water Revenue Bond Reserve Fund" until such time as there has been accumulated a sum equal to the highest combined principal and interest falling due in any year, as a Debt Service Reserve. This Reserve is to be retained solely for the purpose of paying the principal of and interest on bonds payable from the Water Revenue Bond Fund as to which there would otherwise be default.
- C. The sum of \$75 into an account entitled "Water Replacement and Extension Fund" to care for depreciation, additions, additions, improvements and replacements necessary to operate the system properly. The funds may also be used to make up deficiencies in the Revenue Bond Fund or Reserve Fund, but if so used, it shall be replaced as soon as possible out of savings from the system after making the required payments into the respective funds.

TOWN OF PLAIN DEALING, LOUISIANA

Notes to Financial Statements
December 31, 1997

6. Changes in Long-Term Debt (Continued):

Both notes payable are substantially in the form of Water Revenue Bonds and are collateralized by revenues of the system and the fixed assets of the system and mature 48 years from the date they were issued.

7. Retirement Commitments

Municipal Police Employees Retirement System of Louisiana (System)

A. Plan Description

All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service, or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 1.1% percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are calculated on a vested-by-year basis.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 6481 United Plaza Boulevard, Baton Rouge, Louisiana 70804-2268, or by calling (504) 958-7411.

B. Funding Policy

Plan members are required by state statute to contribute 1.5 percent of their annual covered salary and the Town of Plain Dealing is required to contribute at an actuarially determined rate. The current rate is 1.4 percent of annual covered payroll. The contribution requirements of plan members and the Town of Plain Dealing are contained and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. It is assumed that contributions by the town for the years ending December 31, 1995, 1996, and 1997, were \$2,470, \$3,000, and \$3,000, respectively, which matched the required contributions.

All other employees of the Town of Plain Dealing are members of the federal Social Security System.

B. Mayor and Aldermen's Salaries:

	December 31, 1997	
	Mayor Salaries	Aldermen Salaries
Levin Hatton, Jr.	\$ 3,000	\$ -
Ryanne Thompson	-	600
Joe Alford	-	600
Tommy Sapp	-	600
Patrick Sapp	-	600
David Anderson	-	600
Total	\$ 3,000	\$ 3,000

TOWN OF PLAIN DEALING, LOUISIANA

Notes to Financial Statements
December 31, 1997

9. Cash and Cash Equivalents

For reporting purposes cash equivalents include cash, demand deposits and certificates of deposit. Cash and cash equivalents are stated at cost, which approximates market. At December 31, 1997 the Town's cash deposits was \$301,351, and the bank balance was \$281,471. At December 31, 1997 all deposits were insured and collateralized by securities with market value exceeding the amount on deposit. Collateral securities were held in the Town's name by the Federal Reserve Bank and require the Town's approval in order to release the collateral. In accordance with GASB No. 3, all of the Town's bank balances is classified as Category 1.

<u>Component of Deposit</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Bank/Book Value</u>
General Fund	4.85%	3/27/98	\$ 33,744
General Fund - Restricted	5.00%	7/15/98	81,540
Proprietary Funds			
Water Department - Restricted	5.25%	8/1/98	19,983
Water Department - Restricted	5.00%	7/15/98	31,528
Trust Funds			
Comstock	5.00%	2/21/98	184,528
Capital Project Funds			
Sewer Project	5.25%	6/30/98	70,018
Industrial Development	5.37%	4/3/98	270,418
Industrial Development	5.25%	3/28/98	50,000
Industrial Development	5.25%	5/13/98	42,000
Industrial Development	5.25%	6/3/98	37,000
Debt Service			
General Obligation	5.25%	3/31/98	16,482
Total all funds			<u>\$ 721,532</u>

10. Compliance, Stewardship, and Accountability

Excess of Expenditures Over Appropriations - For those funds for which a budget to actual comparison was made, 1997 actual expenditures exceed budgeted expenditures on a departmental basis as follows:

<u>Fund</u>	<u>Expenditures</u>		<u>Unfavorable Variance</u>
	<u>Budget</u>	<u>Actual</u>	
General Fund			
General Government	\$ 64,294	\$ 71,716	\$ (7,422)
Street & Sanitation	\$ 31,175	\$ 61,308	\$ (30,133)
Enterprise Funds			
Water & Sewer Funds	\$ 218,074	\$ 280,521	\$ (62,447)

TOWN OF PLAIN DEALING, LOUISIANA

Notes to Financial Statements
December 31, 1997

18. Compliance, Stewardship, and Accountability (Continued):

Explanations for some of the larger unfavorable budget variances are as follows:

General Fund

General Government - During 1997 the Town purchased and maintained a new city building for the police department. Therefore, utilities and maintenance expense increased over 1996.

Street & Sanitation - The Town reports the collection of garbage fees and the payment for collections separately. However, they are netted together during the budget process.

Interest Fund

Water and Sewer Funds - The Town neglected to budget for depreciation expenses.

19. Commitments and Contingencies

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town carries commercial insurance for all risks of loss, including workers' compensation and employee health and accident insurance. Settlements have not exceeded insurance coverage in any of the past three fiscal years.

The Town participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

Litigation - The Town is party to various legal proceedings arising principally in normal course of governmental operations. In the opinion of the administration, the outcome of these legal proceedings will not have a material adverse effect on the accompanying combined financial statements and accordingly, no provision for losses has been recorded.

At December 31, 1997, the Town was involved in one lawsuit. This suit is being handled by attorneys of the Town's insurance company. It is the opinion of the legal counsel that the Town's exposure is minimal if any.

COMBINING AND
INDIVIDUAL FUND
AND ACCOUNT GROUP
STATEMENTS AND SCHEDULES

GOVERNMENTAL
FUNDS

- GENERAL FUND
- SPECIAL REVENUE FUNDS
- DEBT SERVICE FUND
- CAPITAL PROJECTS FUNDS

GENERAL FUND

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

TOWN OF PLAIN DEALING, LOUISIANA

General Fund

Comparative Balance Sheet

December 31, 1997 and 1996

	1997	1996
<i>Assets</i>		
Cash	\$ 13,667	\$ 11,863
Restricted assets - cash	2,000	2,000
Certificates of deposit	33,580	31,870
Restricted assets - verification of deposits	35,580	33,000
Accounts receivable, no allowance for uncollectible accounts	6,379	4,783
Accrued interest receivable	93	841
Due from other governmental units	-	2,475
Due from other funds	35,802	37,162
Total Assets	<u>139,521</u>	<u>133,334</u>
<i>Liabilities and Fund Balance</i>		
<i>Liabilities:</i>		
Accounts payable	3,766	8,542
Accrued expenses	1,771	731
Due to other funds	34,347	1,319
Total Liabilities	<u>41,884</u>	<u>11,632</u>
<i>Fund Balance:</i>		
Unreserved	60,980	96,877
Reserved - restricted assets	33,433	12,832
Total Fund Balance	<u>94,413</u>	<u>109,709</u>
Total Liabilities and Fund Balance	<u>\$ 136,297</u>	<u>\$ 121,341</u>

TOWN OF PLAIN DEALING, LOUISIANA

General Fund

Statement of Revenue, Expenditures and Changes in Fund Balance
- Budget (GAAP Basis) and Actual

For the Year Ended December 31, 1997
with Comparative Actual Amounts for the Year Ended December 31, 1996

	1997		Variance- Favorable (unfavorable)	1996 Actual
	Budget	Actual		
Revenue				
Taxes	\$ 25,900	\$ 28,952	\$ 3,052	\$ 21,289
Licenses and permits	48,545	58,858	11,940	51,047
Intergovernmental	21,200	18,864	(2,689)	21,444
Charges for services	-	47,700	47,700	42,548
Fees and forfeits	9,500	4,516	(4,984)	7,751
Miscellaneous	20,730	27,449	6,699	23,608
Interest income	-	4,356	4,356	2,676
Total Revenue	<u>116,875</u>	<u>182,635</u>	<u>65,758</u>	<u>183,563</u>
Expenditures:				
General Government:				
Salaries and benefits	22,848	28,948	(6,600)	26,949
Office	11,535	18,182	1,353	11,978
Legal and audit	7,889	7,809	141	6,590
Insurance	18,893	13,621	4,578	30,683
Miscellaneous	4,461	13,515	(8,452)	13,583
Total General Government	<u>65,736</u>	<u>73,175</u>	<u>(7,439)</u>	<u>73,823</u>
Public Safety:				
Police department	119,826	105,802	1,504	81,543
Fire department	20,860	25,023	(723)	29,502
Total Public Safety	<u>140,686</u>	<u>130,825</u>	<u>1,221</u>	<u>111,045</u>
Street & Sanitation	13,175	81,338	(68,163)	38,492
Total Expenditures	<u>116,897</u>	<u>285,341</u>	<u>(168,444)</u>	<u>224,360</u>
Excess (deficiency) of revenues over expenditures	<u>(15,893)</u>	<u>(171,346)</u>	<u>15,686</u>	<u>(40,797)</u>
Other financing sources (uses):				
Transfers in	99,000	49,000	(50,000)	81,487
Capital outlays	-	(3,000)	(3,000)	(11,184)
Net other financing sources (uses)	<u>99,000</u>	<u>46,000</u>	<u>(53,000)</u>	<u>70,303</u>
Excess (deficiency) of revenues and other sources over expenditures	<u>-</u>	<u>(125,346)</u>	<u>(67,314)</u>	<u>11,593</u>
Fund balance at beginning of year	<u>188,912</u>	<u>188,912</u>	<u>-</u>	<u>96,237</u>
Price period adjustment	-	1,752	1,752	-
Fund balance at end of year	<u>\$ 188,912</u>	<u>\$ 74,318</u>	<u>\$ (114,594)</u>	<u>\$ 107,830</u>

**SPECIAL REVENUE
FUNDS**

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

Sales Tax Fund - accounts for general operating and maintenance of streets, alleys, etc. Financing is provided by a 1% sales and use tax.

Louisiana Community Development Block Grants Fund-accounts for federal monies received by the Town.

TOWN OF PLAIN DEALING, LOUISIANA

Special Revenue Funds

Combining Balance Sheet

December 31, 1997

With Comparative Totals for December 31, 1996

	Sales Tax	Louisiana Community Development Block Grant	Total	
			1997	1996
Assets				
Cash	\$ 69,248	\$ -	\$ 69,248	\$ 12,979
Due from other funds	<u>1,008</u>	<u>-</u>	<u>1,008</u>	<u>-</u>
Total Assets	<u>\$ 70,256</u>	<u>\$ -</u>	<u>\$ 70,256</u>	<u>\$ 12,979</u>
Liabilities and Fund Balance				
Fund balance	<u>\$ 70,256</u>	<u>\$ -</u>	<u>\$ 70,256</u>	<u>\$ 12,979</u>

TOWN OF PLAIN DELING, LOUISIANA

Special Revenue Funds

Comparing Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended December 31, 1997

With Comparative Totals for the Year Ended December 31, 1996

			<u>Totals</u>	
	<u>Sales Tax</u>	<u>Louisiana Community Development Block Grant</u>	<u>1997</u>	<u>1996</u>
Revenues				
Taxes	\$ 97,275	\$ -	\$ 97,275	\$ 97,945
Intergovernmental				
Federal Grants	-	178,744	178,744	36,205
Total Revenues	<u>97,275</u>	<u>178,744</u>	<u>276,019</u>	<u>134,150</u>
Expenditures				
Street department	-	178,744	178,744	-
Rural development	-	-	-	36,205
Total Expenditures	<u>-</u>	<u>178,744</u>	<u>178,744</u>	<u>36,205</u>
Excess (deficiency) of revenues over expenditures	97,275	-	97,275	61,945
Other Financing Uses				
Operating transfers out	(65,000)	-	(65,000)	(62,467)
Excess (deficiency) of revenues over expenditures & other uses	32,275	-	32,275	11,478
Fund balances at beginning of year	12,875	-	12,875	1,581
Fund balances at end of year	<u>\$ 44,550</u>	<u>\$ -</u>	<u>\$ 44,550</u>	<u>\$ 13,059</u>

TOWN OF PLAIN DEALING, LOUISIANA

Sales Tax - Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget (GAAP Basis) and ActualFor the Year Ended December 31, 1997
With Comparative Totals for the Year Ended December 31, 1996

	1997		Variance - Less 4% Contingency	1996 Actual
	Budget	Actual		
Revenues:				
Taxes	\$ 96,842	\$ 97,273	\$ 431	\$ 96,842
Total Revenues	96,842	97,273	431	96,842
Expenditures: General government	-	-	-	-
Total Expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	96,842	97,273	431	96,842
Other financing uses:				
Transfer out	-	(10,000)	(10,000)	(10,462)
Excess (deficiency) of revenues over expenditures and other uses	96,842	87,273	(9,569)	86,380
Fund balance at beginning of year	12,979	12,979	-	9,808
Fund balance at end of year	\$ 109,791	\$ 99,252	\$ (10,539)	\$ 96,188

DEBT SERVICE FUNDS

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. The Debt Service Fund is funded by the proceeds of a dedicated ad valorem tax.

General Obligation Sewer Bond Fund - accumulates monies for payment of the \$185,000, 7% General Obligation Sewer Bonds which are serial bonds due in annual installments of \$5,000 through March 1, 1994, \$10,000 through March 1, 1995, and \$25,000 through March 31, 1998. Financing provided through unlimited ad valorem taxation.

TOWN OF PLAIN DEALING, LOUISIANA

Debt Service Funds

Balance Sheet

December 31, 1997

With Comparative Totals for December 31, 1996

	General Obligation Special Bonds	
	<u>1997</u>	<u>1996</u>
Assets		
Cash	\$ 437	\$ 11
Certificate of deposit	16,485	18,700
Accrued interest	296	218
Due from other funds	<u>135</u>	<u>14,652</u>
Total Assets	<u>\$ 17,353</u>	<u>\$ 33,581</u>
Liabilities and Fund Balance		
Fund Balance		
Reserve for debt service	<u>17,353</u>	<u>33,581</u>
Total Liabilities and Fund Balance	<u>\$ 17,353</u>	<u>\$ 33,581</u>

TOWN OF PLAIN DEALING, LOUISIANA

Debt Service Funds

Statement of Revenues, Expenditures and Changes in Fund Balance

For the Year Ended December 31, 1997

With Comparative Totals for the Year Ended December 31, 1996

	General Obligation Special Bonds	
	1997	1996
Revenues:		
Taxes	\$ -	\$ 16,685
Interest income	800	375
Total Revenues	800	17,060
Expenditures:		
Interest expense	1,416	2,104
Bond redemption	15,000	15,000
Total Expenditures	16,416	17,104
Excess (deficiency) of revenues over expenditures	(16,616)	(152)
Fund balance at beginning of year	30,375	30,604
Fund balance at end of year	<u>\$ 13,759</u>	<u>\$ 30,352</u>

TOWN OF PLAIN DEALING, LOUISIANA

General Obligation Senior Bonds - Debt Service Funds

Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and ActualFor the Year Ended December 31, 1997
With Comparative Actual Amounts for the Year Ended December 31, 1996

	1997			1996 Actual
	Budget	Actual	Variance - Favorable (Unfavorable)	
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ 16,680
Interest income	-	408	408	321
Total Revenues	-	408	408	17,001
Expenditures:				
Interest expense	-	1,416	(1,416)	1,288
Bond redemption	-	11,688	(11,688)	15,680
Total Expenditures	-	13,104	(13,104)	17,288
Excess (deficiency) of revenues over expenditures	-	(12,696)	(12,696)	(233)
Fund balance at beginning of year	10,371	10,371	-	10,604
Fund balance at end of year	\$ 10,371	\$ 17,675	\$ 16,405	\$ 10,371

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Sewer Project 446 Fund - accounts for the costs of modification of existing treatment plant service rehabilitation and extension of sewer collection.

Street and Drainage Program - The Town has received grants from the State of Louisiana to make major improvements to its streets and drainage facilities.

Industrial Development - A special 1% tax increase was levied beginning April 1, 1983 to be used for the purpose of acquiring construction and improvement of industrial parks and buildings.

Special Projects Programs - The Town received monies from the State of Louisiana - Office of Rural Development for the short term repairs of its streets.

TOWN OF PLAIN DEALING, LOUISIANA

Capital Projects Funds

Combining Balance Sheet

December 31, 1997

With Comparative Totals for December 31, 1996

					<u>Totals</u>	
	<u>Sewer Project 404 Fund</u>	<u>Streets & Drainage Program</u>	<u>Industrial Development</u>	<u>Special Projects Program</u>	<u>1997</u>	<u>1996</u>
<i>(Assets)</i>						
Cash in bank	\$ -	\$ 1,081	\$ 31,790	\$ 11,001	\$ 43,872	\$ 46,764
Certificates of deposits	59,830	-	424,589	-	484,419	371,289
Accrued interest	-	-	1,622	-	1,622	1,763
Total Assets	<u>59,830</u>	<u>1,081</u>	<u>458,001</u>	<u>11,001</u>	<u>530,642</u>	<u>453,756</u>
<i>Liabilities and Fund Balances</i>						
Liabilities						
Due to other funds	-	-	1,000	-	1,000	-
Fund balances	<u>59,830</u>	<u>1,081</u>	<u>458,710</u>	<u>11,001</u>	<u>530,642</u>	<u>453,756</u>
Total Liabilities and Fund Balances	<u>\$ 59,830</u>	<u>\$ 1,081</u>	<u>\$ 458,710</u>	<u>\$ 11,001</u>	<u>\$ 530,642</u>	<u>\$ 453,756</u>

TOWN OF PLAIN DEALING, LOUISIANA

Capital Projects Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

For the Year Ended December 31, 1997
With Comparative Totals for the Year Ended December 31, 1996

	State Project 424 Fund	Streets & Drainage Program	Industrial Development	Special Projects Funding	Totals	
					1997	1996
Revenues:						
State grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	97,274	-	97,274	97,942
Interest	<u>2,982</u>	<u>371</u>	<u>19,526</u>	<u>-</u>	<u>19,883</u>	<u>21,528</u>
Total Revenues	<u>2,982</u>	<u>371</u>	<u>116,800</u>	<u>-</u>	<u>117,155</u>	<u>119,470</u>
Expenditures:						
General government	-	-	1,761	-	1,761	-
Street improvements	-	14,625	-	-	14,625	1,739
Capital outlays	-	-	-	3,658	3,658	-
Miscellaneous	-	-	-	-	-	19
Total Expenditures	<u>-</u>	<u>14,625</u>	<u>1,761</u>	<u>3,658</u>	<u>20,044</u>	<u>1,758</u>
Reversal of revenues over expenditure	2,982	(14,254)	115,039	(3,658)	96,079	106,690
Fund balance at beginning of year	<u>76,223</u>	<u>23,445</u>	<u>349,810</u>	<u>24,981</u>	<u>474,459</u>	<u>324,025</u>
Fund balance at end of year	<u>\$ 79,205</u>	<u>\$ 9,191</u>	<u>\$ 464,849</u>	<u>\$ 21,323</u>	<u>\$ 505,648</u>	<u>\$ 430,715</u>

**ENTERPRISE
FUND**

Water and Sewer Fund - accounts for the provision of water and sewer services to the residents of the Town and some residents of the Parish. All activities necessary to provide such services are accounted for in the fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, billing and collection.

TOWN OF PLAIN DEALING, LOUISIANA

Water and Sewer Fund

Comparative Balance Sheet

December 31, 1997 and 1996

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	1997			1996
	Water Department	Sewer Department	Combined	
Current Assets				
Cash	\$ 48,300	\$ 76,340	\$ 124,640	\$ 120,800
Accounts receivable	25,615	7,400	33,015	26,259
Accrued interest	1,068	-	1,068	883
Due from other funds	83,552	26,282	109,834	52,925
Total Current Assets	<u>158,535</u>	<u>130,022</u>	<u>288,557</u>	<u>252,867</u>
Restricted Assets, Cash				
Customers' deposits	37,481	-	37,481	34,448
Water revenue bond fund	3,621	-	3,621	6,377
Water revenue bond reserve fund	19,963	-	19,963	18,013
Water replacement and extension fund	19,282	-	19,282	17,328
Total Restricted Assets	<u>80,347</u>	<u>-</u>	<u>80,347</u>	<u>76,166</u>
Property, Plant & Equipment				
Improvements	826,021	1,231,650	2,057,671	2,024,774
Less accumulated depreciation	(428,721)	(384,325)	(813,046)	(821,660)
Net property, plant & equipment	<u>397,300</u>	<u>847,325</u>	<u>1,244,625</u>	<u>1,203,114</u>
Total Assets	<u>\$ 576,180</u>	<u>\$ 977,347</u>	<u>\$ 1,577,807</u>	<u>\$ 1,529,147</u>

(Continued)

TOWN OF PLAIN DEALING, LOUISIANA

Water and Sewer Fund

Comparative Balance Sheet

December 31, 1997 and 1996

LIABILITIES AND FUND EQUITY

	1997			1996
	Water Department	Sewer Department	Combined	
Liabilities:				
Current liabilities (payable from current assets):				
Accounts payable	\$ 16,447	\$ 4,872	\$ 21,319	\$ 4,768
Due to other funds	36,281	28,808	64,989	71,176
Other	2,078	-	2,078	1,287
Total Current Liabilities (payable from current assets)	54,806	33,680	88,486	77,231
Current liabilities (payable from restricted assets):				
Water revenue bond	8,357	-	8,357	5,814
Accrued interest	8,798	-	8,798	8,339
Customer deposits	32,432	-	32,432	30,884
Total Current Liabilities (payable from restricted assets)	49,587	-	49,587	44,937
Long-Term Liabilities (payable from restricted assets):				
Water revenue bond	273,408	-	273,408	250,442
Total Liabilities (payable from restricted assets)	273,408	-	273,408	273,688
Fund Equity:				
Contributed Capital:				
Municipality	-	219,673	219,673	219,673
Federal grants	-	753,625	753,625	753,025
Total Contributed Capital	-	973,298	973,298	972,698
Retained Earnings:				
Unreserved	228,021	(40,824)	187,197	181,524
Total Fund Equity	228,021	932,474	1,160,671	1,086,293
Total Liabilities and Fund Equity	\$ 501,827	\$ 932,474	\$ 1,434,179	\$ 1,358,524

See accompanying notes to combined financial statements.

TOWN OF PLAIN DEALING, LOUISIANA

Water and Sewer Fund

Comparative Statement of Revenues, Expenses and Changes in Retained Earnings

For the Year Ended December 31, 1997 and with
Comparative Totals for the Year Ended December 31, 1996

	1997			1996
	Water Department	Sewer Department	Combined	
Operating Revenues:				
Charges for services	\$ 158,850	\$ 51,507	\$ 210,357	\$ 219,869
Other	4,208	-	4,208	5,282
Total Operating Revenues	163,058	51,507	214,565	225,151
Operating Expenses:				
Personnel services	46,138	36,123	82,261	79,028
Contractual services	3,403	3,573	6,976	5,900
Supplies and materials	33,085	9,483	42,568	27,150
Heat, light and power	17,054	9,289	26,343	25,330
Depreciation	39,621	34,281	73,902	63,548
Other	21,136	22,628	43,764	58,236
Total Operating Expenses	160,437	116,377	276,814	263,192
Operating Income (Loss)	2,621	(64,870)	(37,249)	(37,981)
Non-Operating Revenues (Expenses):				
Interest income	3,218	-	3,218	2,348
Interest expense	(21,403)	-	(21,403)	(18,806)
Transfers in	-	-	-	22,000
Transfers out	-	-	-	(22,000)
Net Non-Operating Revenues (Expenses)	(18,185)	-	(18,185)	(16,458)
Net Income (Loss)	14,436	(64,870)	(50,449)	(54,939)
Retained earnings, beginning	190,715	764	191,479	231,273
Price period adjustment	7,661	2,842	10,503	-
Retained earnings, ending	\$ 212,812	\$ (61,264)	\$ 151,548	\$ 176,334

TOWN OF PLAIN DEALING, LOUISIANA

Water and Sewer Fund

Comparative Statement of Cash Flows

For the Year Ended December 31, 1997 and 1996

	1997			1996
	Water Department	Sewer Department	General	
Cash flows from operating activities:				
Net income (loss)	\$ 38,937	\$ (13,281)	\$ (1,154)	\$ (21,481)
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation	18,421	24,391	44,812	43,549
Price period adjustment	3,608	2,846	9,639	-
Change in assets and liabilities:				
Decrease (increase) in accounts receivable	(5,834)	(1,363)	(8,787)	431
Decrease (increase) in due from other fund	(50,609)	(16,281)	(96,833)	(30,651)
Increase (decrease) in accounts payable	14,868	2,273	18,339	2,884
Increase (decrease) in due to other fund	16,282	17,431	16,716	30,000
Increase (decrease) in other liabilities	877	-	877	32
Total adjustments	895	26,187	21,651	46,686
Net cash provided by operating activities	49,432	(13,684)	25,239	25,231
Cash flows from investing activities:				
Purchase of fixed assets	(9,821)	(3,379)	(11,287)	(48,000)
Purchase of investments	(2,580)	-	(2,580)	(50,000)
Interest on investments	3,437	-	3,437	1,561
Net cash used in investing activities	(8,964)	(3,379)	(10,430)	(96,439)
Cash flows from financing activities:				
Decrease (increase) in restricted assets	(1,000)	-	(1,000)	46,681
Increase in restricted liabilities	1,820	-	1,820	(7,588)
Principal payments of long-term debt	(6,182)	-	(6,182)	(2,014)
Net cash provided by financing activities	(5,362)	-	(5,362)	31,681
Cash flows from noncapital financing activities - interest expense				
	(11,433)	-	(11,433)	(18,806)
Net cash provided by noncapital financing activities	(11,433)	-	(11,433)	(18,806)
Net increase in cash and cash equivalents	28,033	(18,449)	(4,111)	(48,607)
Cash and cash equivalents at beginning of year	21,832	51,021	126,626	149,242
Cash and cash equivalents at end of year	\$ 49,865	\$ 32,572	\$ 122,515	\$ 100,635

See accompanying notes to combined financial statements.

TOWN OF PLAIN DEALING, LOUISIANA

Water and Sewer Fund

Statement of Revenues, Expenditures and Changes in Retained Earnings -
Budget (GAAP Basis) and ActualFor the Year Ended December 31, 2007
With Comparative Actual Amounts for the Year Ended December 31, 2006

	2007		Variance - Favorable (Unfavorable)	2006 Actual
	Budget	Actual		
Revenues:				
Charges for services	\$ 261,674	\$ 261,157	\$ (517)	\$ 260,065
Interest	-	3,218	3,218	1,548
Other	3,408	4,308	900	3,128
Total Revenues	<u>268,090</u>	<u>268,683</u>	<u>693</u>	<u>266,741</u>
Expenditures:				
Other operating expenses	179,213	181,024	3,791	126,688
Personnel services	87,428	71,253	(16,175)	76,028
Depreciation	-	44,012	44,012	43,548
Interest	11,453	11,488	35	10,804
Total Expenditures	<u>278,094</u>	<u>297,777</u>	<u>19,683</u>	<u>257,068</u>
Excess (deficiency) of revenues over expenditures	-	(11,357)	(11,357)	(28,717)
Other financing sources (uses):				
Transfers in	-	-	-	21,000
Transfers out	-	-	-	(21,000)
Excess (deficiency) of revenues & other sources over expenditures	-	(11,357)	(11,357)	(28,717)
Retained earnings, beginning	221,373	181,354	(28,717)	221,373
Prior period adjustment	-	3,028	3,028	-
Retained earnings, ending	<u>\$ 221,373</u>	<u>\$ 189,447</u>	<u>\$ (31,926)</u>	<u>\$ 181,354</u>

See accompanying notes to combined financial statements.

TOWN OF PLAIN DEALING, LOUISIANA

Water Department

Schedule of Changes in Assets Restricted Under Revenue Bond Debt

For the Year Ended December 31, 1997

	Bond Fund	Bond Reserve Fund	Water Replacement and Extension Fund	Total
Cash - January 1, 1997	\$ 6,312	\$ 18,815	\$ 13,325	\$ 42,312
Cash receipts:				
Transferred from operating activities	14,822	-	1,789	16,611
Interest credited	210	850	481	1,541
Total cash receipts	15,032	850	2,270	18,152
Total cash available	21,344	19,665	15,595	60,604
Cash disbursements:				
Principal payment	6,354	-	-	6,354
Interest payment	11,410	-	-	11,410
Total disbursements	17,764	-	-	17,764
Cash - December 31, 1997	\$ 3,580	\$ 19,665	\$ 15,595	\$ 42,840

**TRUST AND AGENCY
FUNDS**

Cemetery Fund - accounts for the monies received from the sale of lots, the issuance of permits, and the service of maintenance of the cemetery.

All Valerem Tax Fund - accounts for the collection of property taxes by the Town.

TOWN OF PLAIN DEALING, LOUISIANA

Trust and Agency

Combining Balance Sheet

December 31, 1997

With Comparative Totals for December 31, 1996

	<u>Totals</u>			
	<u>December</u>	<u>Tax Closing Fund</u>	<u>1997</u>	<u>1996</u>
Assets				
Cash	\$ 6,298	\$ 20,123	\$ 26,421	\$ 40,676
Certificates of deposit	184,528	-	184,528	96,789
Accounts receivable, net of allowance for uncollectible taxes	-	8,864	8,864	30,182
Accrued interest receivable	<u>1,992</u>	<u>-</u>	<u>1,992</u>	<u>1,791</u>
Total Assets	<u>112,720</u>	<u>29,987</u>	<u>141,707</u>	<u>169,438</u>
Liabilities and Fund Balances				
Liabilities				
Due to other funds	<u>-</u>	<u>29,987</u>	<u>29,987</u>	<u>41,796</u>
Total Liabilities	<u>-</u>	<u>29,987</u>	<u>29,987</u>	<u>41,796</u>
Fund Balances				
Total Liabilities and Fund Balances	<u>\$ 112,720</u>	<u>\$ 29,987</u>	<u>\$ 141,707</u>	<u>\$ 169,438</u>

TOWN OF PLAIN DEALING, LOUISIANA

Cemetery Trust and Agency

Statement of Revenues, Expenditures and Changes in Fund Balance

For the Years Ended December 31, 1997 and 1996

	<u>1997</u>	<u>1996</u>
Revenues:		
Charges for services	\$ 6,270	\$ 7,176
Interest	3,286	4,677
Miscellaneous	<u>825</u>	<u>1,628</u>
Total Revenues	<u>10,381</u>	<u>13,481</u>
Expenditures:		
Labor	3,380	4,047
Supplies and materials	<u>1,492</u>	<u>1,662</u>
Total Expenditures	<u>4,872</u>	<u>5,709</u>
Excess of revenues over expenditures	5,509	7,772
Fund balance at beginning of year	<u>105,407</u>	<u>96,805</u>
Fund balance at end of year	<u>\$ 110,916</u>	<u>\$ 104,577</u>

TOWN OF PLAIN DEALING, LOUISIANA

Tax Clearing Agency Fund

Balance Sheet

December 31, 1997

With Comparative Totals for December 31, 1996

	<u>1997</u>	<u>1996</u>
Assets		
Cash	\$ 20,125	\$ 21,624
Accounts receivable, net of allowance for uncollectible taxes of \$0	<u>5,661</u>	<u>30,182</u>
Total Assets	<u>\$ 25,787</u>	<u>\$ 41,796</u>
Liabilities		
Due to other funds	<u>25,787</u>	<u>41,796</u>
Total Liabilities	<u>\$ 25,787</u>	<u>\$ 41,796</u>

Statement of Changes in Assets and Liabilities
For the Year Ended December 31, 1997

	<u>Balance January 1, 1997</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 1997</u>
Assets				
Cash	\$ 21,624	\$ 29,881	\$ 43,540	\$ 20,125
Accounts receivable, net of allowance for uncollectible taxes of \$0	<u>30,182</u>	<u>29,992</u>	<u>29,899</u>	<u>5,661</u>
Total Assets	<u>\$ 51,796</u>	<u>\$ 59,873</u>	<u>\$ 73,439</u>	<u>\$ 25,787</u>
Liabilities				
Due to other funds	<u>41,796</u>	<u>29,887</u>	<u>49,796</u>	<u>29,887</u>
Total Liabilities	<u>\$ 41,796</u>	<u>\$ 29,887</u>	<u>\$ 49,796</u>	<u>\$ 29,887</u>

**GENERAL
FIXED ASSETS
ACCOUNT GROUP**

This account group is established to account for all fixed assets of the town other than those used in proprietary fund operations or accounted for in Trust funds. Capital expenditures in all funds are recorded as expenditures of those funds at the time of purchase and are subsequently recorded, at cost, for central purposes in the General Fixed Assets Account Group. In accordance with generally accepted accounting principles for governmental entities, depreciation is not recorded in general fixed assets.

TOWN OF PLAIN DEALING, LOUISIANA

Schedule of General Fixed Assets - By Source

December 31, 1997 and 1996

	<u>1997</u>	<u>1996</u>
General Fixed Assets:		
General fund	\$ 300,610	\$ 294,603
Fire Department	141,534	141,534
Cemetery	7,382	7,382
Dam and reservoirs	294,580	294,580
Buildings	351,241	351,241
Machinery and equipment	42,325	42,329
Industrial park	441,272	441,272
Street improvements	<u>228,511</u>	<u>233,671</u>
Total General Fixed Assets	<u>\$ 1,742,375</u>	<u>\$ 1,696,545</u>
Investment in general fixed assets from:		
General fund revenue	\$ 350,779	\$ 343,204
Federal grants	793,802	754,218
General obligation bonds	32,900	32,580
Sales tax fund revenue	388,303	348,262
Water and sewer fund	25,000	25,000
Louisiana Highway Safety Commission	15,000	15,000
Other sources	<u>58,292</u>	<u>32,291</u>
Total investment in general fixed assets	<u>\$ 1,703,376</u>	<u>\$ 1,650,565</u>

TOWN OF PLAIN DEALING, LOUISIANA

Schedule of Changes in General Fixed Assets -
By Purchase and Activity

For the Year Ended December 31, 1997

	General Fixed Assets January 1, 1997	Additions	Expansions	General Fixed Assets December 31, 1997
General Government:				
General fund	\$ 508,290	\$ 23,028	\$ 1,280	\$ 532,598
Municipal buildings	360,241	98,000	-	458,241
Machinery and equipment	42,325	-	-	42,325
Industrial park	44,872	-	-	44,872
Total General Government	1,355,728	121,028	1,280	1,477,036
Fire department	141,534	-	-	141,534
Cemetery	7,581	-	-	7,581
Debt and reserves	294,560	-	-	294,560
	443,675	-	-	443,675
Total General Fixed Assets	1,799,403	121,028	1,280	1,921,711

**GENERAL LONG-TERM
OBLIGATION ACCOUNT GROUP**

Accounts for the general long-term liabilities of governmental units other than proprietary fund.

TOWN OF PLAIN DEALING, LOUISIANA

General Long-Term Debt Group of Accounts

Schedule of General Long-Term Debt

For the Year Ended December 31, 1997

	Balance December 31, 1996	General Obligation Sales Bonds Raised	Operations	Balance December 31, 1997
Amount available in Debt Service Fund	\$ 32,372	\$ -	\$ (26,000)	\$ 17,336
Amount to be provided for retirement of long-term debt	(2,372)	(15,000)	36,000	(2,596)
Total available and to be provided	<u>30,000</u>	<u>(15,000)</u>	<u>-</u>	<u>15,000</u>
General obligation debt payable	\$ <u>30,000</u>	\$ <u>(15,000)</u>	\$ <u>-</u>	\$ <u>15,000</u>

**ADDITIONAL
REPORTS REQUIRED BY
GOVERNMENT AUDITING
STANDARDS**

- Independent Auditors' Report on Internal Control Structure Based on an Audit of General Purpose Financial Statements Performed in Accordance with Government Auditing Standards
- Independent Auditors' Report on Compliance Based on an Audit of General Purpose Financial Statements Performed in Accordance with Government Auditing Standards

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
STRUCTURE BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT ACCOUNTING STANDARDS**

The Honorable Leon Sanders, Mayor
and the Members of the Board of Aldermen of
The Town of Plain Dealing, Louisiana

We have audited the general purpose financial statements of the Town of Plain Dealing, Louisiana, as of and for the year ended December 31, 1997, and have issued our report thereon dated April 9, 1998.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

The management of the Town of Plain Dealing, Louisiana, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are recorded in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of the Town of Plain Dealing, Louisiana, for the year ended December 31, 1997, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

However, we noted other matters involving the internal control structure and its operation that we have reported to the management of the Town of Plain Dealing, Louisiana, in a separate letter dated April 9, 1998.

This report is intended for the information of Management and the Board of Aldermen. However, this report is a matter of public record, and its distribution is not limited.

Smith Page Robinson LLP
Certified Public Accountants

April 9, 2008

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
BASED ON AN AUDIT OF GENERAL PURPOSE
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

The Honorable Leon Sanders, Mayor
and the Members of the Board of Aldermen of
The Town of Plain Dealing, Louisiana

We have audited the general purpose financial statements of the Town of Plain Dealing, Louisiana, as of and for the year ended December 31, 1997, and have issued our report thereon dated April 9, 1998.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Town of Plain Dealing, Louisiana, is the responsibility of the Town of Plain Dealing, Louisiana's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Town of Plain Dealing, Louisiana's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests did not disclose any instances of noncompliance that are required to be reported herein under Government Auditing Standards.

This report is intended for the information of Management and the Board of Aldermen. However, this report is a matter of public record and its distribution is not limited.

Smith, Pugh, Kelly & LLP
Certified Public Accountants

April 9, 1998